GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:371
ANSWERED ON:03.02.2017
Indirect Taxes on Consumers
Lokhande Shri Sadashiv Kisan

Will the Minister of FINANCE be pleased to state:

(a) the details of various indirect taxes being passed on to the consumers by retailers;

(b) whether the Government is aware that the burden of such type of taxation is passed on to the consumers;

(c) whether the Government proposes to conduct any holistic study about effects of such taxation in order to reassess the current taxation; and

(d) if so, the details thereof and the steps taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SANTOSH KUMAR GANGWAR)

(a & b). Central Board of Excise & Customs administers three indirect taxes, namely, Customs Duty, Central Excise Duty and Service Tax. The extent of passing of tax burden to the consumers depends on a variety of factors, such as, supply and demand etc. Central Excise duty, at present, at the rate of 12.5%, is subsumed in MRP and is legitimately passed on to the consumers by the retailers. Service Tax, also at the rate of 14%, and Swachh Bharat Cess and Krishi Kalyan Cess, both at the rate of 0.5% each are charged from the consumers by the service providers, as a part of total cost of the service. However, business consumers of Service Tax are allowed to claim credit of taxes on input services, input and capital goods, used in provision of output services subject to the provisions of CENVAT Credit Rules, 2004, but, individual consumers or non-business consumers cannot pass on the burden of tax because they do not provide any taxable output services. Customs duty, at prescribed rates, on imported goods paid by business consumers is also subsumed in the cost of goods to be sold to the consumers. However, such duty paid by individual consumers on imported goods for their personal use is to be borne by themselves.

Further Indirect Taxes like Sales Tax/VAT being taxes on sale or purchase of goods are purely State matter by virtue of Entry 54 in List-II (State List) Seventh Schedule of the Constitution. Therefore, the information related to State Taxes including Sales Tax/VAT is not centrally maintained.

(c & d). No Studies are being contemplated at present.